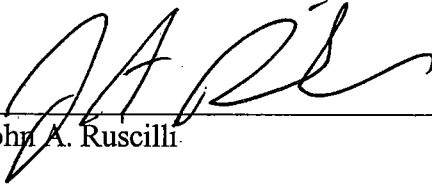


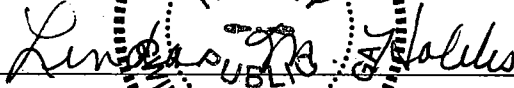
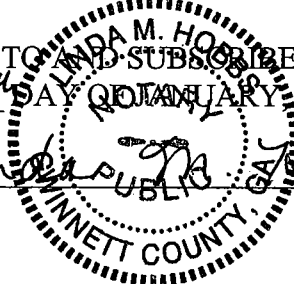
ALABAMA PUBLIC SERVICE COMMISSION

COUNTY OF Fulton
STATE OF Georgia

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared John A. Ruscilli who being by me first duly sworn depose and said that he/she is appearing as a witness on behalf of BellSouth Telecommunications, Inc. before the Alabama Public Service Commission in Docket No. 29054, IN RE: Implementation of the Federal Communications Commission's Triennial Review Order (Phase II – Local Switching for Mass Market Customers), and if present before the Commission and duly sworn, his/her statements would be set forth in the annexed direct testimony consisting of 20 pages and 4 exhibits.


John A. Ruscilli

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 19th DAY OF JANUARY, 2004


Linda M. Hooten Notary Public


Notary Public, Gwinnett County, Georgia
Commission Expires March 17, 2007

1 BELLSOUTH TELECOMMUNICATIONS, INC.
2 DIRECT TESTIMONY OF JOHN A. RUSCILLI
3 BEFORE THE ALABAMA PUBLIC SERVICE COMMISSION
4 DOCKET NO. 29054, PHASE II
5 JANUARY 20, 2004
6

7 Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH
8 TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR
9 BUSINESS ADDRESS.

10

11 A. My name is John A. Ruscilli. I am employed by BellSouth as Senior Director
12 – Policy Implementation and Regulatory Compliance for the nine-state
13 BellSouth region. My business address is 675 West Peachtree Street, Atlanta,
14 Georgia 30375.

15

16 Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND
17 AND EXPERIENCE.

18

19 A. I attended the University of Alabama in Birmingham where I earned a
20 Bachelor of Science Degree in 1979, and a Master of Business Administration
21 in 1982. After graduation I began employment with South Central Bell as an
22 Account Executive in Marketing, transferring to AT&T in 1983. I joined
23 Southern Bell in late 1984 as an analyst in Market Research, and in late 1985,
24 moved into the Pricing and Economics organization with various
25 responsibilities for business case analysis, tariffing, demand analysis, and price

1 regulation. In July 1997, I became Director of Regulatory and Legislative
2 Affairs for BellSouth Long Distance, Inc., with responsibilities that included
3 obtaining the necessary certificates of public convenience and necessity,
4 testifying, Federal Communications Commission (“FCC”) and state regulatory
5 support, federal, and state compliance reporting and tariffing for all 50 states
6 and the FCC. I assumed my current position in July 2000.

7
8 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

9
10 A. The purpose of my testimony is to provide an overview of BellSouth’s position
11 on the issues that the Alabama Public Service Commission (“Commission”)
12 will address in determining the geographic markets in Alabama where
13 competitive local exchange carriers (“CLECs”) are not “impaired” without
14 unbundled local switching – a finding that I will refer to as “impairment” in
15 this testimony. I begin by outlining the delegation that the FCC has made to
16 the state commissions. After discussing what the FCC has directed the state
17 commissions to do, I introduce BellSouth’s witnesses. These witnesses will
18 explain in detail the evidence that addresses the issues that the FCC has asked
19 the state commissions to examine, including demonstrating that CLECs are not
20 impaired within the meaning of the Telecommunications Act of 1996 (the
21 “Act”) in specific geographic areas in Alabama. I provide information
22 regarding certain interpretive decisions that BellSouth has made with respect to
23 the FCC’s Triennial Review Order,¹ such as using the FCC’s default

¹ *In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, et al.*, CC Docket No. 01-338, et al., *Report and*

1 demarcation point for differentiating between “mass market” customers and
2 “enterprise” customers. I also discuss the appropriate rate for batch hot cuts.
3 Finally, I address the availability of collocation in BellSouth’s central offices.
4

5 Q. WHAT HAS THE FCC CHARGED THIS COMMISSION WITH DOING IN
6 THIS PROCEEDING?

7
8 A. On August 21, 2003, the FCC issued its long-awaited written order in its
9 triennial review of unbundled network elements (“UNEs”). In its written
10 order, which I will refer to as the “TRO,” the FCC determined that “[a]lthough
11 we find competitors to be impaired without access to the incumbent LEC’s
12 switch on a national level when serving the mass market, we authorize state
13 commissions to play a fact-finding role – as set forth below – to identify where
14 competing carriers are not impaired without access to unbundled local circuit
15 switching.” (TRO ¶ 493). As a result of the TRO, the Commission established
16 this proceeding to identify the geographic markets in Alabama where CLECs
17 are not impaired in their ability to serve mass market customers without the
18 availability of circuit switching as an unbundled network element. In defining
19 these markets, state commissions must “evaluate impairment by determining
20 the relevant geographic area to include in each market.” (C.F.R. §
21 51.319(d)(2)(i)). My testimony uses the terms “geographic market area”,
22 “geographic area”, and “geographic market” interchangeably.
23

Order and Order on Remand and Further Notice of Proposed Rulemaking, FCC 03-36,
released August 21, 2003.

1 In making its determination of whether CLECs are impaired in a given
2 geographic area, the FCC has required state commissions to make several
3 interrelated decisions. A state commission must first define the appropriate
4 geographic market to which it will apply the impairment analysis outlined in
5 the *TRO*. Next, state commissions must determine the definition for the class
6 of customers that the FCC identified as “mass market”. In the *TRO*, the FCC
7 divides customers into two classes, “mass market” customers and “enterprise”
8 customers. (See *TRO* ¶ 419). The FCC created a presumption that CLECs
9 serving “enterprise” customers are not impaired even if the CLECs lack access
10 to unbundled switching. Conversely, CLECs serving “mass market”
11 customers are presumed to be impaired, unless a state commission determines
12 otherwise. The FCC did not, however, specify which customers comprise the
13 “mass market” and directed state commissions to make that determination.

14
15 Once appropriate definitions of the relevant geographic areas and “mass
16 market” customers are determined, the FCC requires state commissions to
17 apply two “triggers” tests to see whether CLECs are impaired with respect to
18 serving mass market customers in each defined geographic market. Both of
19 the triggers tests are straightforward. If there are three CLECs with self-
20 provisioned switches serving mass market customers in a given geographic
21 market, the state commissions are required to find that CLECs are not impaired
22 in that geographic market. Alternatively, if there are two CLECs providing
23 wholesale switching services to other CLECs who are providing retail service
24 to mass market customers in a geographic market, the state commissions are
25 required to find that CLECs are not impaired in that geographic area. To

1 summarize, if either of these bright line tests is met in a given geographic
2 market, the switching inquiry is complete in that area and a finding of “no
3 impairment” is mandatory.

4
5 If neither of these “triggers” is met in a given geographic area, the FCC
6 requires that state commissions determine whether there is sufficient *potential*
7 for competitive deployment in any of these areas to warrant a finding of “no
8 impairment.” The “potential deployment” test is independent of the triggers
9 tests and requires the state commissions to consider the economics of an
10 efficient CLEC looking to provide service in a geographic market.

11
12 Finally, the FCC delegated to the state commissions the separate task of
13 determining for which geographic markets a “batch hot cut process” is needed
14 and approving such a batch process.

15

16 Q. PLEASE PROVIDE AN OVERVIEW OF BELL SOUTH’S TESTIMONY IN
17 THIS PROCEEDING.

18

19 A. Consistent with the charge given to the state commissions by the FCC, I divide
20 BellSouth’s testimony into five major areas.

21

22 First, certain words and phrases used in the *TRO* must be defined, and the
23 geographic market areas for evaluating the FCC’s triggers must be established.
24 This portion of the testimony is entitled Market Definition. Second, the
25 geographic areas in which the FCC’s “triggers” are met and no impairment is

1 found are identified. This portion of the testimony is entitled Local Switching
2 Triggers. Third, where the FCC's triggers are not met, the issue of "potential
3 deployment" is addressed, and accordingly is entitled Potential for Self-
4 Provisioning of Local Switching. Fourth, the testimony addresses BellSouth's
5 hot cut process, entitled Batch Hot Cut Process. Finally, I end my testimony
6 with a brief discussion of the availability of collocation space in BellSouth's
7 central offices entitled Collocation.

8
9 **MARKET DEFINITION**

10
11 Q. TURNING TO THE FIRST TOPIC, WHAT ARE THE CRITICAL
12 DEFINITIONS THAT BELL SOUTH PROVIDES?

13
14 A. BellSouth's witnesses provide a logical and economically sound definition of
15 the "geographic markets" in which the "triggers" and other tests for
16 impairment should be applied. As set forth by the FCC in the *TRO*, state
17 commissions were given some parameters that must be used in defining the
18 appropriate geographic market. Specifically, the FCC said: "In defining
19 markets, a state commission shall take into consideration the locations of mass
20 market customers actually being served (if any) by competitors, the variation
21 in factors affecting competitors' ability to serve each group of customers, and
22 competitors' ability to target and serve specific markets profitably and
23 efficiently using currently available technologies. A state commission shall
24 not define the relevant geographic area as the entire state." (47 C.F.R.
25 §51.319(d)(2)(i)). The FCC further notes that the geographic market in which

1 the triggers and potential deployment tests are applied must be large enough to
2 permit CLECs to realize economies of scale and scope, ruling out, as
3 BellSouth witness Dr. Chris Pleatsikas will testify, wire centers as the market
4 definition.

5
6 After examining a number of alternatives, BellSouth has concluded that the
7 appropriate “geographic markets” for use in these proceedings are the
8 individual UNE rate zones adopted by this Commission, subdivided into
9 smaller areas using the Component Economic Areas (“CEAs”) as developed
10 by the Bureau of Economic Analysis of the United States Department of
11 Commerce. CEAs are defined by natural geographic aggregations of economic
12 activity and cover the entire state of Alabama. UNE rate zones are an
13 appropriate starting point for the market definition because, by design, they
14 reflect the locations of customers currently being served by CLECs, which are
15 predominantly UNE zones 1 & 2, as well as the costs that affect competitive
16 ability to serve customers profitably. As Dr. Pleatsikas will explain further,
17 dividing UNE zones by CEAs allows for an extremely granular assessment of
18 impairment.

19
20 In short, BellSouth’s proposed geographic market definition is consistent with
21 the existing distribution of customers and the other factors that the FCC
22 indicates should be considered in setting a market definition. By selecting
23 these boundaries for the set of geographic markets to be examined under the
24 state commission’s impairment analysis, BellSouth offers a geographic market
25 definition smaller than the entire state, but large enough so that a competitor

1 can realize appropriate economies of scope and scale. This definition of
2 geographic market results in 34 separate geographic markets in BellSouth's
3 service area in Alabama. Attached hereto as Exhibit JAR-1 is a map of the
4 state of Alabama showing these 34 geographic market areas. As I noted, Dr.
5 Pleatsikis will provide further detailed information regarding the definition of
6 "geographic market."

7
8 In addition to defining the appropriate geographic market, the Commission
9 must also establish an appropriate definition for the "mass market" customer.
10 In this proceeding, BellSouth accepts the FCC's default delineation between
11 "mass market" customers and "enterprise" customers - that is customers with
12 three or fewer CLEC DS0 lines serving them are deemed "mass market"
13 customers. This is a reasonable assumption, and is quite conservative given
14 the FCC's direction to define the cross-over point as "where it makes sense for
15 a multi-line customer to be served via a DS1 loop." (TRO ¶ 497).

16
17 **LOCAL SWITCHING TRIGGERS**
18

19 Q. WITH THESE DEFINITIONS OF THE RELEVANT GEOGRAPHIC
20 MARKET AND MASS MARKET, LET US MOVE TO THE SECOND
21 MAJOR AREA OF THE TESTIMONY. IN WHAT GEOGRAPHIC
22 MARKETS ARE CLECS NOT IMPAIRED WITHOUT ACCESS TO
23 BELL SOUTH'S UNBUNDLED SWITCHING BECAUSE THE TRIGGERS
24 TEST IS MET?

1

2 A. BellSouth's witness Pamela A. Tipton provides evidence that the self-
3 provisioning switching trigger established by the FCC in its *TRO* is met in 3 of
4 the 34 geographic markets in Alabama. That is, Ms. Tipton will demonstrate
5 that CLECs are not impaired in 3 geographic markets, because there are mass
6 market customers in those geographic areas actively being served by at least
7 three CLECs using self-provisioned switching. Ms. Tipton has obtained this
8 evidence from the CLECs themselves and from BellSouth's business records.
9 Although there is a second and separate "trigger" involving the situation where
10 a CLEC obtains switching from a wholesale provider, BellSouth has not relied
11 upon that trigger in establishing the geographic areas where CLECs are not
12 impaired. Attached hereto as Exhibit JAR-2 is a map that indicates the
13 geographic areas in Alabama in which the FCC's self-provisioning switching
14 trigger is met.

15

16 **POTENTIAL FOR SELF-PROVISIONING**
17 **OF LOCAL SWITCHING**

18

19 Q. REGARDING THE THIRD MAJOR AREA OF THE TESTIMONY,
20 WHERE THE FCC'S SWITCHING TRIGGERS ARE NOT MET, WHAT
21 EVIDENCE DOES BELL SOUTH PRESENT WITH REGARD TO
22 "POTENTIAL DEPLOYMENT"?

23

1 A. In 23 of the remaining 31 geographic market areas where the triggers tests are
2 not met, BellSouth's witnesses will provide evidence to demonstrate that the
3 FCC's potential deployment test is met and that CLECs are not impaired in
4 those markets without access to BellSouth's unbundled switching. Attached
5 hereto as Exhibit JAR-3 is a map that illustrates the 23 additional geographic
6 market areas in Alabama where CLECs are not impaired without access to
7 BellSouth's unbundled switching.

8
9 Q. PLEASE PROVIDE ADDITIONAL DETAILS REGARDING
10 BELLSOUTH'S "POTENTIAL DEPLOYMENT" CASE, AS IT RELATES
11 TO WHETHER CLECS ARE IMPAIRED WITHOUT ACCESS TO
12 BELLSOUTH'S UNBUNDLED SWITCHING.

13
14 A. While the "triggers" test is a "bright line" test, the FCC recognizes that the
15 current availability of unbundled switching may influence the nature and
16 extent of actual competition. In other words, the fact that fewer than three
17 CLECs are self-provisioning switching to mass market customers in a
18 particular geographic market is not necessarily dispositive on the issue of
19 whether impairment exists in that geographic market. To address this, the FCC
20 created a different test that can be used to determine whether CLECs are
21 impaired where the triggers tests are not met. In creating this alternative, the
22 FCC instructed the state commissions to weigh three things which, taken
23 together, constitute the "potential deployment" approach to making a "no
24 impairment" finding where the FCC "triggers" are not met.

25

1 First, the FCC told the states to look at actual competition where it did not rise
2 to the level necessary to meet the triggers tests. Ms. Tipton will provide
3 testimony regarding the actual level of competition from CLECs that self-
4 provision switching, but where the triggers tests are not met.

5
6 Second, the FCC also instructed the state commissions to consider any
7 operational barriers to entry, specifically mentioning non-discriminatory
8 provisioning of loops, access to collocation, and access to co-carrier cross
9 connects. BellSouth witness Mr. Alfonso Varner will present performance
10 data establishing that BellSouth provides CLECs with such non-discriminatory
11 access. BellSouth witness Mr. Wayne Gray discusses the availability of
12 collocation in BellSouth's offices in Alabama, as well as BellSouth's
13 provisioning of co-carrier cross connects to any carrier who requests such cross
14 connects.

15
16 Finally, the FCC directed the states to consider any economic barriers to entry
17 when determining whether CLECs are impaired to serve the mass market
18 customer in a particular geographic market without access to BellSouth's
19 unbundled local switching. To address the economic issues, BellSouth has
20 commissioned the creation of a highly detailed, economic model, a CLEC
21 business case model that, in accordance with the *TRO's* guidance, can be used
22 to evaluate whether an efficient CLEC could economically enter individual
23 markets without access to BellSouth's unbundled switching.

24

1 The model itself will be described and discussed by Mr. Jim Stegeman, whose
2 company led the development of the BellSouth Analysis of Competitive Entry
3 (BACE) Model. Dr. Debra Aron, an economist, will discuss how the model
4 meets the criteria laid out in the *TRO*, the model's economic underpinnings,
5 some of the model's key economic inputs, and the results of the potential
6 deployment analysis. Dr. Randall Billingsley will provide information
7 regarding the cost of capital that has been used as an input into the model.
8 Finally, Mr. Keith Milner will discuss the network design that the model
9 emulates.

10
11 **BATCH HOT CUT PROCESS**
12

13 Q. PLEASE DESCRIBE THE FOURTH MAJOR AREA OF BELL SOUTH'S
14 TESTIMONY ADDRESSING "HOT CUTS".
15

16 A. Apart from testimony demonstrating the results of the triggers and potential
17 deployment analyses, BellSouth will also present testimony showing that an
18 efficient hot cut process is in place, enabling competitors to compete by
19 obtaining access to BellSouth's unbundled loops and using either the
20 competitors' own switches or wholesale switching. Further, BellSouth will
21 present testimony demonstrating that BellSouth has a seamless and effective
22 batch hot cut process in place that enables competitors to convert existing
23 Unbundled Network Element – Port/Loop Combination ("UNE-P") lines to
24 unbundled loops and switching that is not provided by BellSouth.
25

1 Q. IS THE ISSUE OF HOT CUTS COMPLEX?

2

3 A. No. The hot cut case is simple because it involves a process that has been
4 around for 100 years – moving a jumper from one location to another.
5 BellSouth can do it, AT&T can do it, and MCI can do it. As of November
6 2003, there are 8,562 lines in Alabama served by a combination of a BellSouth
7 unbundled loop (SL-1, SL-2 and UCL-ND) and a CLEC's switch, which
8 demonstrates without doubt that BellSouth has a hot cut process that works.

9

10 The case is also simple because it is familiar to this Commission. The
11 Commission expended a great deal of time and energy reviewing the
12 provisioning of hot cuts in the Section 271 case (Docket No. 25835). That
13 work will inform and facilitate its decision-making in this case.

14

15 Q. WHO ARE THE BELL SOUTH WITNESSES THAT WILL TESTIFY
16 ABOUT THE HOT CUT PROCESS?

17

18 A. There are a number of witnesses. Mr. Ken Ainsworth explains BellSouth's hot
19 cut process that handles both the migration from a BellSouth retail customer to
20 an Unbundled Network Element – Loop ("UNE-L") terminating in a CLEC's
21 collocation space and the migration of a UNE-P to a UNE-L. Mr. Ainsworth
22 also addresses BellSouth's seamless and cost-effective batch hot cut process as
23 well as the ability of BellSouth's centers to manage the volume of hot cuts that
24 may need to be performed if local circuit switching is no longer a UNE.

25

1 Mr. Ron Pate provides testimony that explains the ordering process BellSouth
2 has developed for UNE-P to UNE-L Bulk Migration/batch hot cut process
3 when CLECs migrate existing multiple UNE-P customers to UNE-L.

4
5 Mr. Al Heartley testifies that the BellSouth Network Services organization is
6 prepared to handle the batch hot cut process as well the volume of hot cuts that
7 may need to be performed if local circuit switching is no longer a UNE.

8
9 Mr. Milton McElroy provides testimony that presents evidence that
10 BellSouth's Bulk Migration Process of moving UNE-Ps to UNE-Ls is both
11 seamless and effective. The evidence is based upon testing performed by
12 PriceWaterhouseCoopers.

13
14 Given the simple process, it should be clear that BellSouth can perform hot
15 cuts in sufficient volumes, and with sufficient speed and accuracy, to allow
16 CLECs to compete using UNE-L. BellSouth's witnesses will demonstrate that
17 BellSouth absolutely can execute hot cuts in this manner, and as Mr. Varner
18 will explain, BellSouth's performance measurements and data demonstrate its
19 ability to do so.

20
21 Q. GIVEN THIS COMMISSION'S EXTENSIVE EXPERIENCE WITH HOT
22 CUTS, WHY IS BELL SOUTH DEVOTING SO MUCH TESTIMONY TO
23 THIS ISSUE?

1

2 A. BellSouth would prefer not to do so. When faced with the overwhelming
3 evidence regarding actual facilities-based competition that exists in Alabama
4 and the geographic areas where the FCC's triggers are met, however, the
5 CLECs are likely to want to divert the Commission's attention by focusing on
6 the hot cut process. When faced with this straightforward issue, the CLECs
7 have resorted to delay and obstruction. For example, in New York's Bulk
8 Migration/Hot Cuts proceeding (Case No. 02-C-1425), in an obviously circular
9 argument, AT&T contended that "until Verizon demonstrates that it can
10 execute a hot cut process at high volumes, we do not have a process that can
11 handle mass market volumes in a post UNE-P world." (Falcone Testimony,
12 Case No. 02-C-1425, filed October 24, 2003, at p. 78.) Of course, so long as
13 UNE-P exists, CLECs have no incentive to order UNE-L, making AT&T's
14 purported threshold impossible to meet. To further delay, AT&T has argued
15 that state commissions must first adopt a hot cut process, but "refrain from
16 approving those processes until appropriate metrics have been developed and
17 approved." (Nurse Testimony, Case No. 02-C-1425, filed October 24, 2003, at
18 pp. 8-9.) AT&T, of course, is counting on months of delay from extended
19 negotiations about performance measures.

20

21 To complicate and obscure the straightforward issue, certain CLECs, and
22 specifically AT&T in proceedings before the FCC, have argued, and will
23 probably argue here, that until BellSouth makes changes to its network that
24 would cost billions of dollars, no adequate hot cut process is possible. An
25 adequate process, according to AT&T, will require "some form of electronic,

1 not manual, loop provisioning.” The FCC already rejected AT&T’s proposal,
2 but BellSouth anticipates with near certainty that AT&T intends to advance
3 this very same tired old argument again. The CLECs’ suggestion that
4 BellSouth must overhaul its existing network to provide electronic loop
5 provisioning prior to a state commission finding that BellSouth, or any
6 incumbent local exchange carrier, has an adequate hot cut process, whether
7 “batch” or otherwise, is what this Commission can expect to hear. As a result,
8 BellSouth offers extensive testimony from Messrs. Ainsworth, Varner, Pate,
9 and Heartley regarding the hot cut issues to demonstrate that nothing more is
10 necessary.

11

12 Q. HAS THIS COMMISSION PREVIOUSLY REVIEWED THE ISSUE OF
13 BELL SOUTH’S HOT CUT PROCESS? IF SO, WHAT WAS ITS
14 DETERMINATION?

15

16 A. Yes. This Commission reviewed BellSouth’s hot cut process during
17 BellSouth’s 271 proceeding and UNE Cost proceeding. In Docket No. 25835,
18 the Commission determined that BellSouth met the requirements of Section
19 271 of the Act. In the UNE Cost proceeding (Docket No. 27821), the
20 Commission approved the TELRIC-based nonrecurring rates applicable to hot
21 cuts.

22

1 Q. IN THE *TRO*, WHAT DID THE FCC REQUIRE STATE COMMISSIONS
2 TO DO WITH RESPECT TO HOT CUTS?

3

4 A. The FCC urged state commissions to require ILECs to develop a bulk
5 migration process. The FCC stated, “[t]he record evidence strongly suggests
6 that the hot cut process could be improved if cut overs were done on a bulk
7 basis, such that the timing and volume of the cut over is better managed. We
8 expect that such improvements would result in some reduction of the non-
9 recurring costs,....” (*TRO* ¶ 474).

10

11 Q. HAS BELLSOUTH DEVELOPED SUCH A PROCESS?

12

13 A. Yes. As BellSouth witnesses Ainsworth, Pate, and Heartley explain, BellSouth
14 has developed and implemented a bulk migration process that meets the
15 concerns expressed by the FCC.

16

17 Q. WHAT RATES DOES BELLSOUTH PROPOSE FOR THE BULK
18 MIGRATION HOT CUT PROCESS?

19

20 A. In the *TRO*, the FCC suggested that the batch hot cut rates “should reflect the
21 efficiencies associated with batched migration of loops to a competitive LEC’s
22 switch, either through a reduced per-line rate or through volume discounts.”
23 (*TRO* ¶ 489). For batch hot cuts, BellSouth proposes a 10% discount of the
24 total amount of the Commission approved nonrecurring UNE rates of the

1 elements applicable for individual hot cuts.² Based on a recent cost study,
2 BellSouth determined that the nonrecurring cost for certain elements in
3 connection with the batch hot cut process are actually lower than the ordered
4 rate with the 10% discount. For those elements where the batch hot cut cost
5 study results are lower than the discounted rate, BellSouth proposes to charge
6 the CLECs the lower rate produced by the cost study. Attached is Exhibit
7 JAR-4 that provides the rates BellSouth proposes for its batch hot cut service.

8
9 Q. DO UNE LOOP NONRECURRING CHARGES CONSTITUTE AN
10 ECONOMIC BARRIER?

11

12 A. No. This Commission approved the UNE loop prices currently charged by
13 BellSouth in the UNE Cost proceeding. BellSouth's proposal to offer a 10%
14 discount off these nonrecurring prices when CLECs use the batch hot cut
15 process is an incentive for CLECs to use that process.

16

17 **COLLOCATION**

18

19 Q. PLEASE DESCRIBE THE FIFTH MAJOR AREA OF BELL SOUTH'S
20 TESTIMONY ADDRESSING COLLOCATION.

² BellSouth will apply the net 10% discount to the Service Level 1 (SL1) loop, the Service Level 2 (SL2) loop, and the Unbundled Copper Loop - Non-designed (UCL-ND) nonrecurring rate.

1

2 A. As BellSouth witness Mr. Wayne Gray explains, physical collocation space is
3 available in all of BellSouth's Alabama central offices. In rare circumstances
4 where physical collocation may not be available in the future, CLECs may
5 elect either adjacent or virtual collocation. Through the testimony of Mr. Gray
6 and Mr. Varner, BellSouth demonstrates that, over the past year, BellSouth has
7 achieved outstanding performance in meeting the collocation provisioning
8 intervals established by this Commission. A CLEC's ability to obtain
9 collocation space is not a barrier to entry in BellSouth's markets.

10

11 Q: PLEASE SUMMARIZE YOUR TESTIMONY.

12

13 A. I anticipate that the CLECs will contest the issues in this proceeding in every
14 way possible and throw road block after road block in the path of progress
15 toward real competition in the telecommunications industry in Alabama. The
16 simple truth of the matter is that facilities-based competition has arrived in
17 Alabama and has been in place for some time. Those CLECs who have chosen
18 to invest in the state of Alabama have put in switches and are actively serving
19 mass market customers in a number of geographic areas in the state, while
20 other CLECs want to continue to provide services using nothing but
21 BellSouth's network. Requiring BellSouth to unbundle its network, as is
22 presently the case, creates disincentives for CLECs to invest in Alabama,
23 which no doubt explains why there is not more facilities-based competition
24 than there is now. It is time to take the next step and begin weaning carriers
25 like MCI and AT&T from the cheap, below cost switching that BellSouth is

1 currently required to offer, and time to compel these and other companies to
2 make real investments in Alabama that will be of real benefit over time. Any
3 argument that BellSouth's "hot cut" process is to blame is simply a red herring.
4 Thousands and thousands of lines have been moved from BellSouth's switches
5 to CLEC switches. The Commission has looked at BellSouth's hot cut process
6 and found it sufficient to support BellSouth's entry into the interLATA long
7 distance business. There is no reason for the Commission to reach a contrary
8 conclusion here.

9

10 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

11

12 A. Yes.

13

14

15 (#521322)